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SIPDIS

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(BRANDON) AND EUR/ACE (CONNELL)  
DOJ FOR CRIMINAL (SWARTZ, JONES) OPDAT (ALEXANDRE,  
EHRENSTAMM, VALDER)

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TAGS: [SNAR](#) [KCRM](#) [KJUS](#) [EAD](#) [ASEC](#) [PREL](#) [BU](#)

SUBJECT: CONTINUED CRIMINAL JUSTICE ASSISTANCE FOR  
BULGARIA AFTER SEED GRADUATION

REF: (A) 04 SOFIA 2310, (B) 04 SOFIA 2450

1. SUMMARY: Bulgarian criminal activity already has a direct and increasing impact on the United States, which is likely to continue even after Bulgaria's planned EU entry in 2007. Embassy Sofia requests continued U.S. criminal justice assistance following SEED graduation in FY06. Current U.S. assistance programs funded through SEED address critical weaknesses in the rule of law and business development environments, particularly targeting corruption and organized crime; trafficking in humans, narcotics, arms and other contraband; and financial and cyber crime. While Bulgaria has made progress in fighting transnational crime, due in large measure to U.S. assistance, reform of its criminal justice system will be far from complete by 2007 and Bulgaria will not then be in a position to protect U.S. interests. This request to continue criminal justice assistance after SEED graduation addresses a recommendation from Post's 2004 OIG inspection report. END SUMMARY.

2. Four criminal justice assistance programs are currently funded through INL (ref A): DoJ/OPDAT Resident Legal Advisor (RLA); DoJ/CEELI Criminal Law Liaison (CLL); DoJ/ICITAP Forensics Laboratories Project; and the Regional Criminal Justice Initiative (RCJI, a joint DoJ/CEELI and DoJ/ICITAP undertaking). A fifth is funded through USAID: Treasury/OTA Financial Crimes Enforcement. Together, their combined FY05 budget request is \$2.6 million from country SEED funds.

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U.S. INTERESTS AFTER EU ACCESSION: THE "NON-PANACEA"  
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3. Without continued U.S. assistance after 2007, the task of strengthening Bulgarian criminal justice institutions will fall entirely to the EU, which will not necessarily be sensitive to U.S. criminal justice interests. While EU assistance has sometimes proven a valuable complement to our assistance in the effort to transform Bulgarian justice, U.S. assistance programs are generally more pragmatic and flexible, and can be tailored in part to protect U.S. interests.

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EFFECT OF BULGARIAN ORGANIZED CRIME ON THE U.S.  
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4. Bulgarian organized crime groups already operate in the United States, especially in drug-related crimes, human smuggling, and prostitution. Several Bulgarian groups are believed to smuggle Eastern Europeans to the United States through the U.S.-Mexican border. Branches of Bulgarian businesses associated with organized crime and involved in money laundering are also active in the United States. High-ranking representatives of businesses believed to be extensions of Bulgarian organized crime and individuals reported to have leading positions in the Bulgarian organized crime world consistently seek legal entry into the United States.

5. Bulgaria is a major transit country as well as a producer of illicit narcotics. Strategically situated on Balkan transit routes, Bulgaria is vulnerable to illegal flows of drugs, people, contraband, arms, and money. In addition, Bulgaria is a major producer of synthetic drugs, many of which are sold in the United States (ref B). Bulgaria is also notorious for the high quality of counterfeit euros and U.S. dollars, and there have been several criminal cases involving Bulgarian associations accused of distributing counterfeit currency in the United States. Human trafficking, arms smuggling, cyber crime and intellectual property rights violations are additional "growth areas" of Bulgarian criminal activity that are likely to have an increasing impact upon the United States in the years ahead unless Bulgaria's criminal justice institutions become capable of serving as an effective counterforce.

16. The Bulgarian Ministry of Interior estimates that 110 organized criminal groups presently operate in Bulgaria, and their influence and power appear to be growing. In the past two years, Bulgaria has experienced approximately 30 high-profile assassinations between rival organized crime groups, with law enforcement manifesting little ability to intervene. (COMMENT: Two of the assassinated were Bulgarians who had acquired U.S. citizenship: Iliya Pavlov, owner of MG Corporation, a major Bulgarian organized crime cartel that also operates numerous legitimate businesses; and Dimitri Minev, founder of SIC insurance company, which engaged in extortion, racketeering, trafficking of humans and drugs, money laundering, and other illegal activities. END COMMENT.) The Embassy and high-level visitors have repeatedly pressed the Bulgarian government to take action, and the Ambassador has publicly raised concern over the Bulgarian legal system's weaknesses and the tendency of police, courts, investigators and prosecutors to blame one another for the failure of the justice system to function properly.

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THE SHAPE OF THINGS TO COME: POST-SEED ASSISTANCE  
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17. While the precise contours of an assistance program will be developed subsequently, our program should continue to build sustainable criminal justice institutions which will enable Bulgaria to become a credible partner in the fight against transnational crime by focusing on organized crime and corruption; trafficking in persons, narcotics and other contraband; and cyber, financial and intellectual property crime. One key measure of success will be the number of cases involving these priority crimes that go to trial and result in convictions and sentences.

18. The main component of a future program will be training at two levels: 1) training of justice sector personnel (police and investigators, prosecutors and judges) on criminal law reform legislation, particularly new criminal and criminal procedure codes; and 2) specialized training for justice sector personnel in the priority areas enumerated above. To the extent possible, all training should be developed collaboratively with the National Institute of Justice and the Police Academy. Post's law enforcement operational personnel will be involved in the development of training programs and utilized in their delivery. Other activities that advance the project, legislative reform, or assistance to ministries in developing procedures, for example, will be undertaken as necessary.

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TRANSFORMING BULGARIAN CRIMINAL JUSTICE  
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19. While slow, we have demonstrated progress with our assistance. In 2004, a marked increase occurred in convictions on charges related to human trafficking. Bulgaria also established an effective financial crimes task force whose work recently led to indictments of five well-known organized crime figures on money laundering charges, the first such indictments under Bulgaria's money laundering statute. It has made great strides in suppressing counterfeit U.S. currency operations. However, regulation of non-bank financial institutions remains lax, leaving Bulgaria vulnerable to financial crime, including terrorist financing schemes. Further, not a single significant organized crime figure has been prosecuted for any of the more-than-30 killings linked to organized crime that have occurred in recent years.

110. One essential step in transforming the criminal justice system is the enactment of more effective legislation to address crime. U.S. assistance has been instrumental in developing legislation to combat human trafficking and money laundering, and establish witness protection, asset forfeiture and probation systems. But enactment of legislation is only one step in the long process of transforming Bulgarian criminal justice. Building the capacity of justice sector officials to understand and apply new legislation poses a critical problem. Considerable work is needed in capacity-building before the transformation process can sufficiently protect U.S. interests.

111. Some of the most glaring structural deficiencies in Bulgarian criminal justice are currently being addressed under the aegis of a Spanish-led EU PHARE-funded project for reform of the Bulgarian Criminal Procedure Code. However, the project, which presently plans to terminate in mid-2006, will only produce the terms of a new Criminal Procedure Code. It does not contain a component for training justice sector personnel on the code's

application. Such training, essential to rendering the code an effective instrument in the fight against crime, is likely to span several years, as experience with new criminal procedure codes in Russia and Bosnia demonstrates.

12. COMMENT: Continued funding of Bulgarian criminal justice assistance programs after SEED graduation serves our nation's best interests. With a significant dose of U.S. assistance, Bulgaria has strengthened its criminal justice institutions over the past years and moved closer to being a credible partner in fighting transnational crime. But the pace of its progress has not been equal to the increasing influence of Bulgarian crime on the United States. Withdrawal of the United States' contribution to the transformation of Bulgarian criminal justice with that transformation at best only half-complete is likely to prove costly to the United States in the long run. END COMMENT.

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